

110TH CONGRESS  
1ST SESSION

# H. R. 1361

To improve the disaster relief programs of the Small Business Administration,  
and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 6, 2007

Ms. VELÁZQUEZ (for herself, Mr. BAKER, Mr. JEFFERSON, Mr. TAYLOR, Mr. MELANCON, Mr. GONZALEZ, Mr. GRIJALVA, Mr. LIPINSKI, Ms. MOORE of Wisconsin, Mr. BRALEY of Iowa, and Mr. JOHNSON of Georgia) introduced the following bill; which was referred to the Committee on Small Business

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## A BILL

To improve the disaster relief programs of the Small  
Business Administration, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Relief for Entrepreneurs: Coordination of Objectives and  
6 Values for Effective Recovery Act of 2007” or the “RE-  
7 COVER Act”.

8 (b) TABLE OF CONTENTS.—The table of contents for  
9 this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE I—PLANNING

- Sec. 101. Comprehensive disaster response plan.
- Sec. 102. Annual disaster simulation exercise.
- Sec. 103. Disaster reserve corps.
- Sec. 104. Plans to secure additional office space.
- Sec. 105. Coordination of disaster assistance programs with FEMA.
- Sec. 106. Associate Administrator for Disaster Assistance.

#### TITLE II—LENDING

- Sec. 201. Incidents of National Significance.
- Sec. 202. Information tracking and follow-up system.
- Sec. 203. Immediate Disaster Assistance program.
- Sec. 204. Increased deferment period.
- Sec. 205. Revised repayment terms.
- Sec. 206. Revised disbursement process.
- Sec. 207. Revised collateral requirements.
- Sec. 208. Enhanced lending authority for private lenders.
- Sec. 209. Disaster processing redundancy.
- Sec. 210. Grant program.
- Sec. 211. Waiver of prohibition on duplication of certain benefits.
- Sec. 212. Increase legislative limit.
- Sec. 213. Net earnings clauses prohibited.
- Sec. 214. Economic injury disaster loans to nonprofits.
- Sec. 215. Applicants that will constitute a major source of employment due to changed economic circumstances.

#### TITLE III—OVERSIGHT

- Sec. 301. Reports on disaster assistance.

## 1                   **TITLE I—PLANNING**

### 2   **SEC. 101. COMPREHENSIVE DISASTER RESPONSE PLAN.**

3           The Small Business Act is amended by redesignating  
4 section 37 as 99 and by inserting after section 36 the fol-  
5 lowing:

#### 6   **“SEC. 37. COMPREHENSIVE DISASTER RESPONSE PLAN.**

7           “(a) PLAN REQUIRED.—The Administrator shall de-  
8 velop, implement, and maintain a comprehensive written  
9 disaster response plan. The plan shall include the fol-  
10 lowing:

1           “(1) For each region of the Administration, a  
2           description of the disasters most likely to occur in  
3           that region.

4           “(2) For each disaster described under para-  
5           graph (1)—

6                   “(A) an assessment of the disaster;

7                   “(B) an assessment of the demand for Ad-  
8           ministration assistance most likely to occur in  
9           response to the disaster;

10                   “(C) an assessment of the needs of the Ad-  
11           ministration, with respect to such resources as  
12           information technology, telecommunications,  
13           human resources, and office space, to meet the  
14           demand referred to in subparagraph (B); and

15                   “(D) guidelines pursuant to which the Ad-  
16           ministration will coordinate with other Federal  
17           agencies and with State and local authorities to  
18           best respond to the demand referred to in sub-  
19           paragraph (B) and to best use the resources re-  
20           ferred to in that subparagraph.

21           “(b) COMPLETION; REVISION.—The first plan re-  
22           quired by subsection (a) shall be completed not later than  
23           180 days after the date of the enactment of this section.  
24           Thereafter, the Administrator shall update the plan on an

1 annual basis and following any incident of national signifi-  
 2 cance (as declared by the President or his designee).

3 “(c) REPORT.—The Administrator shall include a re-  
 4 port on the plan whenever the Administrator submits the  
 5 report required by section 47(a).”.

6 **SEC. 102. ANNUAL DISASTER SIMULATION EXERCISE.**

7 The Small Business Act is amended by inserting after  
 8 section 37 (as added by section 101) the following:

9 **“SEC. 38. ANNUAL DISASTER SIMULATION EXERCISE.**

10 “(a) EXERCISE REQUIRED.—The Administrator shall  
 11 conduct a disaster simulation exercise at least once each  
 12 fiscal year. The exercise shall include the participation of,  
 13 at a minimum, not less than half of the individuals in the  
 14 disaster reserve corps and shall test, at maximum capac-  
 15 ity, all of the information technology and telecommuni-  
 16 cations systems of the Administration that are vital to the  
 17 activities of the Administration during such a disaster.

18 “(b) REPORT.—The Administrator shall include a re-  
 19 port on the disaster simulation exercise whenever the Ad-  
 20 ministration submits the report required by section  
 21 47(a).”.

22 **SEC. 103. DISASTER RESERVE CORPS.**

23 The Small Business Act is amended by inserting after  
 24 section 38 (as added by section 102) the following:

1 **“SEC. 39. DISASTER RESERVE CORPS.**

2 “(a) CORPS REQUIRED.—The Administrator shall  
3 maintain within the Administration a disaster reserve  
4 corps, the purpose of which is to perform the functions  
5 of the Administration related to disaster response. The  
6 corps shall consist of at least 1,000 individuals, each of  
7 whom—

8 “(1) does not ordinarily have the duties of a  
9 full-time officer or employee of the Administration;  
10 but

11 “(2) is able to assume duties related to disaster  
12 response when the Administrator so requires.

13 “(b) TRAINING.—The Administrator shall ensure  
14 that each individual in the corps receives training each  
15 year in one or more functions relating to disaster response.  
16 To the maximum extent practicable, the function in which  
17 an individual is trained in one year shall be different from  
18 the function in which the individual was trained in prior  
19 years.

20 “(c) GEOGRAPHIC DISTRIBUTION.—The Adminis-  
21 trator shall ensure that not more than 30 percent of the  
22 individuals in the corps reside in any one region of the  
23 Administration.

24 “(d) REPORT.—The Administrator shall include a re-  
25 port on the corps whenever the Administration submits  
26 the report required by section 47(a).”.

1 **SEC. 104. PLANS TO SECURE ADDITIONAL OFFICE SPACE.**

2 The Small Business Act is amended by inserting after  
3 section 39 (as added by section 103) the following:

4 **“SEC. 40. PLANS TO SECURE ADDITIONAL OFFICE SPACE.**

5 “(a) PLANS REQUIRED.—The Administrator shall  
6 develop long-term plans to secure additional office space  
7 to accommodate an expanded workforce in times of dis-  
8 aster.

9 “(b) REPORT.—The Administrator shall include a re-  
10 port on the plans whenever the Administration submits  
11 the report required by section 47(a).”.

12 **SEC. 105. COORDINATION OF DISASTER ASSISTANCE PRO-**  
13 **GRAMS WITH FEMA.**

14 The Small Business Act is amended by inserting after  
15 section 40 (as added by section 104) the following:

16 **“SEC. 41. COORDINATION OF DISASTER ASSISTANCE PRO-**  
17 **GRAMS WITH FEMA.**

18 “(a) COORDINATION REQUIRED.—The Administrator  
19 shall ensure that the disaster assistance programs of the  
20 Administration are coordinated, to the maximum extent  
21 practicable, with the disaster assistance programs of the  
22 Federal Emergency Management Agency.

23 “(b) REGULATIONS REQUIRED.—The Administrator,  
24 in consultation with the Director of the Federal Emer-  
25 gency Management Agency, shall establish regulations to  
26 ensure that each application for disaster assistance is sub-

mitted as quickly as practicable to the Administration or directed to the appropriate agency under the circumstances.

“(c) COMPLETION; REVISION.—The initial regulations shall be completed not later than 270 days after the date of the enactment of this section. Thereafter, the regulations shall be revised on an annual basis.

“(d) REPORT.—The Administrator shall include a report on the regulations whenever the Administration submits the report required by section 47(a).”.

**SEC. 106. ASSOCIATE ADMINISTRATOR FOR DISASTER ASSISTANCE.**

The Small Business Act is amended by inserting after section 41 (as added by section 105) the following:

**“SEC. 42. ASSOCIATE ADMINISTRATOR FOR DISASTER ASSISTANCE.**

“(a) IN GENERAL.—There is established in the Administration an Associate Administrator for Disaster Assistance, appointed by the President by and with the advice and consent of the Senate, from among individuals who have—

“(1) proven management ability; and

“(2) substantial knowledge in the field of disaster readiness and emergency response.

“(b) DIRECTOR OF DISASTER PLANNING.—

1           “(1) APPOINTMENT.—There is established in  
2           the Administration a Director for Disaster Planning,  
3           appointed by the Administrator.

4           “(2) DUTIES.—Subject to the authority, direc-  
5           tion, and control of the Associate Administrator for  
6           Disaster Assistance, the Director shall—

7                   “(A) develop and implement the Adminis-  
8                   tration’s plans for responding to disasters; and

9                   “(B) direct the Administration’s training  
10                  exercises with respect to disasters.

11           “(3) COORDINATION.—In carrying out the du-  
12           ties under paragraph (2), the Director shall coordi-  
13           nate with—

14                   “(A) the Associate Administrator for the  
15                   Office of Disaster Assistance of the Administra-  
16                   tion;

17                   “(B) the Director of the Federal Emer-  
18                   gency Management Agency; and

19                   “(C) other Federal, State, and local dis-  
20                   aster planning offices, as necessary.

21           “(c) DIRECTOR OF DISASTER LENDING.—

22           “(1) APPOINTMENT.—There is established in  
23           the Administration a Director for Disaster Lending,  
24           appointed by the Administrator.



1           “(2) DUTIES.—Subject to the authority, direc-  
2           tion, and control of the Associate Administrator for  
3           Disaster Assistance, the Director shall direct all as-  
4           pects of the disaster lending program under section  
5           7(b).

6           “(d) RESOURCES.—The Administrator shall ensure  
7           that the Associate Administrator for Disaster Assistance,  
8           the Director of Disaster Planning, and the Director of  
9           Disaster Lending have adequate resources to carry out the  
10          duties under this section.”.

## 11                           **TITLE II—LENDING**

### 12   **SEC. 201. INCIDENTS OF NATIONAL SIGNIFICANCE.**

13           (a) DISASTER LOANS TO PRIVATE NONPROFIT OR-  
14           GANIZATIONS.—Section 7(b)(2) of the Small Business Act  
15           (15 U.S.C. 636(b)(2)) is amended—

16                   (1) in subparagraph (D) by striking the period  
17                   at the end and inserting “; or”; and

18                   (2) by inserting after subparagraph (D) the fol-  
19                   lowing:

20                           “(E) an incident of national significance,  
21                           as declared by the President or his designee, in  
22                           which case assistance under this paragraph may  
23                           be provided, subject to the other applicable re-  
24                           quirements of this paragraph, to a private non-  
25                           profit organization (as that term is defined in

1           section 29(a)(2)) that is located in an area af-  
2           fected by the incident of national significance.”.

3           (b) MITIGATION LOANS TO SMALL BUSINESS CON-  
4 CERNS.—Section 7 of the Small Business Act (15 U.S.C.  
5 636) is amended by inserting after subsection (d) the fol-  
6 lowing:

7           “(e) DISASTER MITIGATION LOANS.—

8           “(1) AUTHORITY.—The Administrator may  
9           make or guarantee a mitigation loan to a small busi-  
10          ness concern that receives a loan under section  
11          7(b)(1)(A) for the damage or destruction, by reason  
12          of an incident of national significance (as declared  
13          by the President or his designee), of property owned  
14          by the small business concern.

15          “(2) AMOUNT OF LOAN.—The amount of a loan  
16          under paragraph (1) shall not exceed 20 percent of  
17          the total amount of the cost of the damage or de-  
18          struction referred to in paragraph (1). The total  
19          amount shall be calculated without regard for any  
20          costs for which the small business concern is reim-  
21          bursed under any insurance policy or otherwise.”.

22          (c) APPLICABILITY FOR FISCAL YEAR 2006 TO HUR-  
23 RICANES KATRINA, RITA, AND WILMA.—

24               (1) IN GENERAL.—For fiscal year 2006, the  
25          Administrator—

1 (A) may carry out subsection (e) of section  
2 7 of the Small Business Act (as added by sub-  
3 section (b) of this section) with respect to a pri-  
4 vate nonprofit organization that was located, as  
5 of August 28, 2005, in a hurricane-affected  
6 area; and

7 (B) may carry out such subsection (e) with  
8 respect to a small business concern that was lo-  
9 cated, as of August 28, 2005, in a hurricane-  
10 affected area, for damage or destruction by rea-  
11 son of Hurricane Katrina, Hurricane Rita, or  
12 Hurricane Wilma.

13 (2) HURRICANE-AFFECTED AREA DEFINED.—In  
14 this section, the term “hurricane-affected area”  
15 means a county or parish in the State of Alabama,  
16 Florida, Mississippi, Louisiana, or Texas, that has  
17 been designated by the Administrator of the Small  
18 Business Administration as a disaster area by rea-  
19 son of Hurricane Katrina, Hurricane Rita, or Hurri-  
20 cane Wilma under disaster declaration 10176,  
21 10177, 10178, 10179, 10180, 10181, 10203, 10204,  
22 10205, 10206, 10222, or 10223.

1 **SEC. 202. INFORMATION TRACKING AND FOLLOW-UP SYS-**  
2 **TEM.**

3 The Small Business Act is amended by inserting after  
4 section 42 (as added by section 106) the following:

5 **“SEC. 43. INFORMATION TRACKING AND FOLLOW-UP SYS-**  
6 **TEM FOR DISASTER ASSISTANCE.**

7 “(a) **SYSTEM REQUIRED.**—The Administrator shall  
8 develop, implement, and maintain a centralized informa-  
9 tion system to track communications between personnel  
10 of the Administration and applicants for disaster assist-  
11 ance. The system shall ensure that whenever an applicant  
12 for disaster assistance communicates with such personnel  
13 on a matter relating to the application, the following infor-  
14 mation is recorded:

15 “(1) The method of communication.

16 “(2) The date of communication.

17 “(3) The identity of the personnel.

18 “(4) A summary of the subject matter of the  
19 communication.

20 “(b) **FOLLOW-UP REQUIRED.**—The Administrator  
21 shall ensure that an applicant for disaster assistance re-  
22 ceives, by telephone, mail, or electronic mail, follow-up  
23 communications from the Administration at all critical  
24 stages of the application process, including the following:

1           “(1) When the Administration determines that  
2           additional information or documentation is required  
3           to process the application.

4           “(2) When the Administration determines  
5           whether to approve or deny the loan.

6           “(3) When the primary contact person man-  
7           aging the loan application has changed.”.

8   **SEC. 203. IMMEDIATE DISASTER ASSISTANCE PROGRAM.**

9           The Small Business Act is amended by inserting after  
10          section 43 (as added by section 202) the following:

11   **“SEC. 44. IMMEDIATE DISASTER ASSISTANCE PROGRAM.**

12          “(a) PROGRAM REQUIRED.—The Administrator shall  
13          carry out a program, to be known as the Immediate Dis-  
14          aster Assistance program, under which the Administration  
15          participates on a deferred (guaranteed) basis in 85 per-  
16          cent of the balance of the financing outstanding at the  
17          time of disbursement of the loan if such balance is less  
18          than or equal to \$25,000 for businesses affected by a dis-  
19          aster.

20          “(b) ELIGIBILITY REQUIREMENT.—To receive a loan  
21          guaranteed under subsection (a), the applicant must also  
22          apply for, and meet basic eligibility standards for, a loan  
23          under section 7(b).

24          “(c) USE OF PROCEEDS.—A person who receives a  
25          loan under section 7(b) must use the proceeds of that loan

1 to repay all loans guaranteed under subsection (a), if any,  
 2 before using the proceeds for any other purpose.

3 “(d) APPROVAL OR DISAPPROVAL.—The Adminis-  
 4 trator shall ensure that each applicant for a loan under  
 5 the program receives a decision approving or disapproving  
 6 of the application within 36 hours after the Administra-  
 7 tion receives the application.”.

8 **SEC. 204. INCREASED DEFERMENT PERIOD.**

9 Section 7 of the Small Business Act (15 U.S.C. 636)  
 10 is amended by inserting after subsection (e) (as added by  
 11 section 201(b)) the following:

12 “(f) ADDITIONAL REQUIREMENTS FOR 7(b)  
 13 LOANS.—

14 “(1) INCREASED DEFERMENT AUTHORIZED.—

15 “(A) IN GENERAL.—In making loans  
 16 under section 7(b), the Administrator may pro-  
 17 vide, to the person receiving the loan, an option  
 18 to defer repayment on the loan.

19 “(B) PERIOD.—A deferment under sub-  
 20 paragraph (A) may not exceed 4 years.”.

21 **SEC. 205. REVISED REPAYMENT TERMS.**

22 Section 7 of the Small Business Act (15 U.S.C. 636)  
 23 is amended in subsection (f) by adding after paragraph  
 24 (1) (as added by section 204) the following:

1           “(2) REVISED REPAYMENT TERMS.—In making  
2       loans under section 7(b), the Administrator—

3           “(A) shall not require repayment to be  
4       made until 12 months after the date on which  
5       the final disbursement of approved amounts is  
6       made; and

7           “(B) shall calculate the amount of repay-  
8       ment based solely on the amounts disbursed.”.

9       **SEC. 206. REVISED DISBURSEMENT PROCESS.**

10       Section 7 of the Small Business Act (15 U.S.C. 636)  
11   is amended in subsection (f) by adding after paragraph  
12   (2) (as added by section 205) the following:

13           “(3) REVISED DISBURSEMENT PROCESS.—In  
14       making loans under section 7(b), the Administrator  
15       shall disburse the loan amounts in stages as follows:

16           “(A) LOANS UP TO \$150,000.—If the total  
17       amount approved is less than or equal to  
18       \$150,000—

19           “(i) the first disbursement shall con-  
20       sist of 40 percent of the total loan amount,  
21       or a lesser percentage of the total loan  
22       amount if the Administrator and the bor-  
23       rower agree on such a lesser percentage;

24           “(ii) the second disbursement shall  
25       consist of 50 percent of the amounts that

1 remain after the first disbursement, and  
2 shall be made when the borrower has pro-  
3 duced satisfactory receipts to demonstrate  
4 the proper use of the first half of the first  
5 disbursement; and

6 “(iii) the third disbursement shall  
7 consist of the amounts that remain after  
8 the preceding disbursements, and shall be  
9 made when the borrower has produced sat-  
10 isfactory receipts to demonstrate the prop-  
11 er use of the first disbursement and the  
12 first half of the second disbursement.

13 “(B) LOANS FROM \$150,000 TO \$500,000.—

14 If the total amount approved is more than  
15 \$150,000 but less than or equal to \$500,000—

16 “(i) the first disbursement shall con-  
17 sist of 20 percent of the total loan amount,  
18 or a lesser percentage if the Administrator  
19 and the borrower agree on such a lesser  
20 percentage;

21 “(ii) the second disbursement shall  
22 consist of 30 percent of the total loan  
23 amount remaining after the first disburse-  
24 ment, and shall be made when the bor-  
25 rower has produced satisfactory receipts to



1 demonstrate the proper use of the first  
2 half of the first disbursement;

3 “(iii) the third disbursement shall  
4 consist of 25 percent of the total loan  
5 amount remaining after the first and sec-  
6 ond disbursements, and shall be made  
7 when the borrower has produced satisfac-  
8 tory receipts to demonstrate the proper use  
9 of the first disbursement and the first half  
10 of the second disbursement; and

11 “(iv) the fourth disbursement shall  
12 consist of the amounts that remain after  
13 the preceding disbursements, and shall be  
14 made when the borrower has produced sat-  
15 isfactory receipts to demonstrate the prop-  
16 er use of the first and second disburse-  
17 ments and the first half of the third dis-  
18bursement.

19 “(C) LOANS GREATER THAN \$500,000.—If  
20 the total amount approved is more than  
21 \$500,000—

22 “(i) the first disbursement shall con-  
23 sist of at least \$100,000, or a lesser  
24 amount if the Administrator and the bor-  
25rower agree on such a lesser amount; and

1                   “(ii) the number of disbursements  
 2                   after the first, and the amount of each  
 3                   such disbursement, shall be in the discre-  
 4                   tion of the Administrator, but the amount  
 5                   of each such disbursement shall be not less  
 6                   than \$100,000.”.

7 **SEC. 207. REVISED COLLATERAL REQUIREMENTS.**

8           Section 7 of the Small Business Act is amended in  
 9 subsection (f) by adding after paragraph (3) (as added  
 10 by section 206) the following:

11                   “(4) REVISED COLLATERAL REQUIREMENTS.—  
 12           In making a business loan under section 7(b), the  
 13           total approved amount of which is less than or equal  
 14           to \$100,000, the Administrator shall not require the  
 15           borrower to use the borrower’s home as collateral.”.

16 **SEC. 208. ENHANCED LENDING AUTHORITY FOR PRIVATE**  
 17 **LENDERS.**

18           The Small Business Act is amended by inserting after  
 19 section 44 (as added by section 203) the following:

20 **“SEC. 45. ENHANCED LENDING AUTHORITY FOR PRIVATE**  
 21 **LENDERS.**

22                   “(a) PROGRAM AUTHORIZED.—The Administrator  
 23 may, and during a period specified in subsection (b) shall,  
 24 carry out a program under which the Administrator per-  
 25 mits banks and other financial institutions to process, ap-

1 prove, close, and service disaster loans under section 7(b)  
2 for a fee not to exceed 2 percent of the total loan amount.

3 “(b) PERIODS DURING WHICH PROGRAM IS RE-  
4 QUIRED.—The program under subsection (a) is required  
5 to be carried out during the following periods:

6 “(1) Any period of an incident of national sig-  
7 nificance (as declared by the President or his des-  
8 ignee).

9 “(2) Any period during which the average time  
10 for the Administration to approve disaster loans in  
11 response to any single disaster is 30 days or more.

12 “(c) EXCLUSION OF LENDERS.—If the number or  
13 rate of defaults on loans processed, approved, and closed  
14 by a lender under the program under subsection (a) are  
15 inordinate, as determined by the Administrator, the Ad-  
16 ministrator may do any one or more of the following:

17 “(1) Exclude the lender from participating in  
18 the program under subsection (a).

19 “(2) Exclude the lender from participating in  
20 the Preferred Lenders Program under section  
21 7(a)(2)(C)(ii).

22 “(d) FACTOR IN PREFERRED LENDERS PROGRAM.—  
23 In determining whether a lender is to be certified or recer-  
24 tified to participate in the Preferred Lenders Program

1 under section 7(a)(2)(C)(ii), the Administrator may con-  
 2 sider as a factor the following:

3 “(1) The loans processed, approved, and closed  
 4 by the lender under the program under subsection  
 5 (a).

6 “(2) The participation or non-participation of  
 7 the lender in the program under subsection (a).”.

8 **SEC. 209. DISASTER PROCESSING REDUNDANCY.**

9 The Small Business Act is amended by inserting after  
 10 section 45 (as added by section 208) the following:

11 **“SEC. 46. DISASTER PROCESSING REDUNDANCY.**

12 “(a) IN GENERAL.—The Administrator shall ensure  
 13 that the Administration has in place a facility for disaster  
 14 loan processing that, whenever the Administration’s pri-  
 15 mary facility for disaster loan processing becomes unavail-  
 16 able, is able to take over all disaster loan processing from  
 17 that primary facility within 2 days.

18 “(b) AUTHORIZATION OF APPROPRIATIONS.—There  
 19 are authorized to be appropriated to carry out this section  
 20 such sums as may be necessary.”.

21 **SEC. 210. GRANT PROGRAM.**

22 Section 7(b) of the Small Business Act (15 U.S.C.  
 23 636(b)) is amended by inserting immediately after para-  
 24 graph (3) the following:

1           “(4) GRANTS TO DISASTER-AFFECTED SMALL  
2 BUSINESSSES.—

3           “(A) IN GENERAL.—The Administrator  
4 may make a grant of up to \$100,000 to a small  
5 business concern that—

6                   “(i) was located in a designated dis-  
7 aster area affected by disaster declaration  
8 10176, 10177, 10178, 10179, 10180,  
9 10181, 10203, 10204, 10205, 10206,  
10 10222, or 10233;

11                   “(ii) submits to the Administrator a  
12 certification by the owner of the concern of  
13 intent to reestablish the concern in the  
14 same county or parish in which the busi-  
15 ness was originally located, or in a county  
16 or parish contiguous thereto;

17                   “(iii) has applied for, and was rejected  
18 for, a conventional disaster assistance loan  
19 under section 7(b); and

20                   “(iv) was in existence for at least 2  
21 years before the date on which the applica-  
22 ble disaster declaration was made.

23           “(B) PRIORITY.—In making grants under  
24 this paragraph, the Administrator shall give  
25 priority to a small business concern that the

1 Administrator determines is economically viable  
 2 but unable to meet short-term financial obliga-  
 3 tions.

4 “(C) DEFINITION.—In this paragraph, the  
 5 term ‘disaster-affected area’ means an area that  
 6 has been designated by the Administrator as a  
 7 disaster area.

8 “(D) AUTHORIZATION OF APPROPRIA-  
 9 TIONS.—There are authorized to be appro-  
 10 priated for grants under this paragraph such  
 11 funds as may be necessary.”.

12 **SEC. 211. WAIVER OF PROHIBITION ON DUPLICATION OF**  
 13 **CERTAIN BENEFITS.**

14 (a) IN GENERAL.—Section 7(b) of the Small Busi-  
 15 ness Act (15 U.S.C. 636(b)) is amended by inserting im-  
 16 mediately after paragraph (4) (as added by section 210)  
 17 the following:

18 “(5) WAIVER OF PROHIBITION ON DUPLICATION  
 19 OF CERTAIN BENEFITS.—For any major disaster (as  
 20 that term is defined in section 102 of the Robert T.  
 21 Stafford Disaster Relief and Emergency Assistance  
 22 Act (42 U.S.C. 5122)), in providing assistance  
 23 under paragraph (1) or (2), the Administrator may  
 24 waive, in whole or in part, the prohibition on the du-  
 25 plication of benefits, including whether damage or

1       destruction has been compensated for by, credit is  
 2       available from, activities are reimbursable through,  
 3       or funds have been made available from any other  
 4       source.”.

5       (b) **APPLICABILITY AND RETROACTIVITY FOR VIC-**  
 6 **TIMS OF HURRICANES KATRINA, RITA, AND WILMA.**—The  
 7 amendment made by this section shall apply to any assist-  
 8 ance under section 7(b) of the Small Business Act (15  
 9 U.S.C. 636(b)) provided on or after August 29, 2005.

10 **SEC. 212. INCREASE LEGISLATIVE LIMIT.**

11       Section 7(b)(3)(E) of the Small Business Act (15  
 12 U.S.C. 636(b)(3)(E)) is amended by striking  
 13 “\$1,500,000” and inserting “\$3,000,000” both places  
 14 such term appears.

15 **SEC. 213. NET EARNINGS CLAUSES PROHIBITED.**

16       Section 7 of the Small Business Act is amended in  
 17 subsection (f) by adding after paragraph (4) (as added  
 18 by section 207) the following:

19               “(5) **NET EARNINGS CLAUSES PROHIBITED.**—  
 20       In making loans under section 7(b), the Adminis-  
 21       trator shall not require the borrower to pay any non-  
 22       amortized amount for the first 5 years after repay-  
 23       ment begins.”.

1 **SEC. 214. ECONOMIC INJURY DISASTER LOANS TO NON-**  
2 **PROFITS.**

3 (a) IN GENERAL.—Section 7 of the Small Business  
4 Act (15 U.S.C. 636) is amended in subsection (b)(2)—

5 (1) in the matter preceding subparagraph (A)—

6 (A) by inserting after “small business con-  
7 cern” the following: “, private nonprofit organi-  
8 zation,”; and

9 (B) by inserting after “the concern” the  
10 following: “, organization,”; and

11 (2) in subparagraph (D) by inserting after  
12 “small business concerns” the following: “, private  
13 nonprofit organizations,”.

14 (b) CONFORMING AMENDMENT.—Such section is fur-  
15 ther amended in subsection (c)(5)(C) by inserting after  
16 “business” the following: “, organization,”.

17 **SEC. 215. APPLICANTS THAT WILL CONSTITUTE A MAJOR**  
18 **SOURCE OF EMPLOYMENT DUE TO CHANGED**  
19 **ECONOMIC CIRCUMSTANCES.**

20 Section 7(b)(3)(E) of the Small Business Act (15  
21 U.S.C. 636(b)(3)(E)) is amended by inserting after “con-  
22 stitutes” the following: “, or will due to changed economic  
23 circumstances constitute,”.



# **TITLE III—OVERSIGHT**

## **SEC. 301. REPORTS ON DISASTER ASSISTANCE.**

The Small Business Act is amended by inserting after section 46 (as added by section 209) the following:

### **“SEC. 47. REPORTS ON DISASTER ASSISTANCE.**

“(a) ANNUAL REPORT REQUIRED.—Not later than 45 days after the end of a fiscal year, the Administrator shall submit to the Committee on Small Business of the Senate and the Committee on Small Business of the House of Representatives a report on the disaster assistance operations of the Administration for that fiscal year. The report shall—

“(1) specify the number of Administration personnel involved in such operations;

“(2) describe any material changes to those operations, such as changes to technologies used or to personnel responsibilities;

“(3) describe and assess the effectiveness of the Administration in responding to disasters during that fiscal year, including a description of the number and amounts of loans made for damage and for economic injury; and

“(4) describe the plans of the Administration for preparing to respond to disasters during the next fiscal year.

1       “(b) INCIDENTS OF NATIONAL SIGNIFICANCE.—Dur-  
2 ing the period of an incident of national significance (as  
3 declared by the President or his designee), the Adminis-  
4 trator shall, on a monthly basis, submit to the committees  
5 specified in subsection (a) a report on the disaster assist-  
6 ance operations of the Administration with respect to that  
7 incident of national significance. The report shall speci-  
8 fy—

9               “(1) the number of applications distributed;

10              “(2) the number of applications received;

11              “(3) the average time for the Administration to  
12 approve or disapprove an application;

13              “(4) the amount of disaster loans approved;

14              “(5) the average time for initial disbursement  
15 of loan proceeds; and

16              “(6) the amount of disaster loan proceeds dis-  
17 bursed.”.

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